

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of:	
High-Cost Service Support	WC Docket No. 05-337
Federal-State Joint Board on Universal Service	CC Docket No. 96-45

**REPLY COMMENTS OF THE RURAL IOWA INDEPENDENT
TELEPHONE ASSOCIATION**

On January 9, 2008, the Commission adopted a Notice of Proposed Rulemaking on issues related to Universal Service Fund reform. Specifically, the Commission seeks comment on the Recommended Decision of the Federal-State Joint Board on Universal Service released on November 19, 2007.

RIITA is a non-profit association of rural independent telephone companies, representing approximately one hundred and thirty Iowa incumbent local exchange carriers. RIITA's membership is restricted to mutual telephone companies in which at least fifty percent of the users are owners, co-operative telephone corporations or associations, and telephone companies having less than fifteen thousand customers and less than fifteen thousand access lines that serve rural Iowa and are incumbent local exchange carriers (ILECs) as defined in the 1996 Telecommunications Act. Approximately one-half of our member companies serve communities with fewer than 1000 access lines. All RIITA members are ILECs and all RIITA members are Eligible Telecommunications Carriers (ETCs). Only an extremely small percentage of those communities have wireline local

Even though three funds is not necessary to slow or stop the growth of the fund, the three funds proposed by the Joint Board could certainly be used to accomplish that goal if they are developed appropriately, as anticipated by the Joint Board. RIITA does not oppose the use of separate funds. However, it is important that the multiple funds are not used as a means to deprive customers in rural high-cost areas of their provider of last resort. In addition, many rural independents are already working on providing second- and third-generation broadband services, along with voice over internet protocol service and in some cases video services over the internet or IPTV services over their own broadband loops. Any use of the proposed broadband fund should take into consideration the existing investment of these companies and not fund separate competitors in the way the fund is now used to fund competing voice carriers.

These are general concerns. RIITA will address each fund specifically in its comments below. Despite that discussion, we emphasize that the three fund structure is not necessary to slow or halt the growth of the fund. Furthermore, the use of each fund is as important as the existence of each fund.

II. COMMENTS ON THE THREE FUNDS.

The Broadband and Mobility Funds are the newest concepts in this proposal. For rural ILECs, the Provider of Last Resort (POLR) Fund is the most significant. This section will discuss each of the funds beginning with the POLR fund.

A. Provider of Last Resort.

Community-based rural high-cost carriers primarily act as ILECs and as providers of last resort for their communities. These carriers provide high-quality, state of the art service

not use the separate funds to diminish service or affordability in rural high-cost areas. Providers of last resort are just what the name describes: these companies provide reliable, affordable voice communications services in areas that would not otherwise be served. The reality of the universal service system presently in place is that customers of all voice carriers participate in completing the national public voice network by participating in funding high-cost service. This is not done to subsidize customers who cannot afford service, but to ensure that a national network exists: it is as important for a caller from New York City to be able complete a call to Quasqueton, Iowa as it is for a customer in Quasqueton to be able to call New York.

With the national network in place, providers of last resort must be able to continue to provide service. RIITA asks the Commission to maintain the integrity of the fund to continue to ensure true Universal Service.

B. Broadband.

RIITA agrees that basic service in the twenty-first century includes broadband internet access and supports the Commission's efforts to make sure broadband access is available in high-cost areas.

RIITA's primary concern with the Broadband portion of the fund is that the Commission recognize that our members have long-since chosen to provide broadband to our customers. Virtually all of RIITA's members make high-speed internet access available to virtually all of our customers both in-town and in rural parts of our exchanges using a variety of technologies ranging from fiber to the home to DSL to wireless. Many members

last resort. The primary concern with this fund is the risk that the fund not be used to deprive resources from the POLR fund. Wireless carriers make extensive use of the wireline network. Customers of wireless carriers place calls to wireline customers and receive calls from wireline customers. In rural areas, wireless traffic is often carried to wireline carriers from rural areas to the wireless carriers.

III. ISSUES FOR FURTHER COMMENT.

In Division IV of its Recommended Ruling, the Commission raises several issues for further comment. RIITA comments on allocation of funds among states, identifying areas that are not being served, defining broadband and implementation issues.

Allocation of Funds Among States. If states commissions will determine allocations, RIITA cautions that there is a need for specificity regarding criteria. As an example, the early decisions regarding whether or not to grant Eligible Telecommunications Carrier status varied widely from state-to-state. This variance ultimately had a major impact on the growth in the number of CETCs and the overall growth of the fund. RIITA asks the Commission to develop a detailed set of criteria for determining what areas that are not being served, specifically noting that areas served by an existing ILEC are served areas and specifically avoiding the issue of using Universal Service to fund competitors. In determining actual allocations, forward-looking cost models are generally not good models for allocating funds because these models do not consider actual costs to serve a given area.

IV. CONCLUSION.

RIITA recommends that the Commission implement its order eliminating the identical support rule and then eliminate support to competitors in the same service area. With these actions, three funds should not be necessary. If the three funds are adopted, they should not be implemented in a way that would undermine the original purpose of Universal Support. Funding should be maintained for providers of last resort, the community-based small rural carriers. In addition, because of the increasing importance of high speed internet access, RIITA supports the Commission's proposal to provide support for broadband access, but asks the Commission not to undermine the efforts of the many providers that have already implemented broadband service to rural America.

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